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Report of the Trade and Development Board on its thirty-third executive session*

Geneva, 23 September 2003 and 30 September 2004

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Chapter I

FINANCING THE PARTICIPATION OF EXPERTS FROM DEVELOPING COUNTRIES AND COUNTRIES WITH ECONOMIES IN TRANSITION IN UNCTAD EXPERT MEETINGS

(Agenda item 2)

1. For its consideration of this item, the Board had the following document before it:

"Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings: Note by the UNCTAD secretariat" (TD/B/EX(33)/2).

A. Proceedings of the first part of the session (23 September 2003)

2. The **President of the Board** said that, at the Mid-term Review in Bangkok in April/May 2002, the Board had established guidelines for the functioning of the intergovernmental machinery. With regard to financing the participation of experts in expert meetings, members had agreed to find a long-term solution for predictable financing based on the principle of equitable geographical representation, beneficiary needs, in particular LDCs, and the expertise of the experts concerned.

3. At its twentieth special session in January 2003, the Board had agreed that, on an experimental basis, participation of experts in UNCTAD expert meetings would be financed on the basis of extrabudgetary contributions. It had also agreed that there would be a reserve fund that would be used to finance participation at any expert meeting for which there were not sufficient extrabudgetary contributions. It had decided that it would discuss the working of the scheme in late September 2003 on the basis of an evaluation provided by the Secretary-General of UNCTAD. As indicated in the secretariat's report, funding for the participation of experts in all six expert meetings financed so far in 2003 had been drawn from the reserve fund. This meant that by the end of the year the reserve fund would have been seriously depleted.

4. The **Deputy Secretary-General of UNCTAD** said that the substantive operation of the scheme had been very successful, since it had been possible to attract high-caliber experts from developing countries, and that had made the outcomes of expert meetings more representative. However, the evaluation of the financing scheme itself was not positive. The idea had been that experts attending expert meetings in 2003 would be financed from new voluntary contributions and that the reserve fund would be preserved as a means of backstopping the operation of the scheme, in particular to deal with cash flow problems. However, apart from one pledge of $10,000, there had been no voluntary contributions, and all the expert meetings in 2003 to date had been financed from the reserve fund, which was now almost depleted. In that connection, the secretariat's note had omitted to mention a pledge of 100,000 euros made by Finland in 2002, before the new scheme had been introduced. However, that pledge was intended to finance the participation of experts from LDCs, which meant that, at the end of 2003, there would in fact be funds to finance LDC experts throughout 2004 and beyond, but there would be no money at all for the 70 per cent of experts who did not come from LDCs. Accordingly, the secretariat's fundamental conclusion, that the

experimental scheme based on extrabudgetary contributions had not so far met the requirement of providing a long-term solution for predictable financing, remained unchanged.

5. With regard to the options open to the Board, one was to try to make the scheme work by obtaining voluntary contributions, but if the scheme was to operate as intended, contributions would have to cover not only the cost of expert meetings in 2004 but also the replenishment of the reserve fund. Another option was the use of regular budget funds, but that was a matter for member States alone. If it chose to follow that route, the Board would have to take a decision for transmittal to the Second Committee and then the Fifth Committee. A decision to use the regular budget would involve either increasing the budget to cover the additional amount or reallocating funds from elsewhere in the budget, which would involve either reducing or terminating other activities. Other options that had been mentioned in the past, for example using unspent balances from projects, would not produce enough money to sustain the scheme.

6. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that, although initially reluctant to accept the Board's decision on financing of experts, since it did not fulfill the basic criteria of reliable and long-term funding, the Group had nevertheless agreed to give the scheme the opportunity to work and transform it into a reliable arrangement. The issue of financing of experts was very important to the Group, since expert meetings enriched UNCTAD's intergovernmental work and contributed to consensus building. The participation of experts from different regions of the world had had a significant positive effect on the quality of the meetings and had helped attract more participants from developing countries paid for by their own Governments. It must be noted that experts from developing countries were at a disadvantage traveling to Geneva because of the distances involved, unlike their European counterparts.

7. However, the outlook for 2004 was bleak, and if members could not agree on a suitable arrangement, the future value of UNCTAD's intergovernmental work would be adversely affected. The Group of 77 and China had therefore prepared a draft decision for consideration by the Board. The uncertainty over the issue during the past few years was certainly proof that extrabudgetary resources could not provide the secure and reliable long-term funding required. It was essential to stop looking for stop-gap measures and come up with concrete proposals. The use of the regular budget not only represented a reliable and long-term solution but also provided a more balanced and equitable allocation of resources reflecting the partnership of the whole community of nations. Since the General Assembly was responsible for allocating resources in the United Nations, it must decide how best to include funding for the participation of experts in the regular budget.

8. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries**, said that the secretariat's evaluation had not been available in time, and it had not been possible to prepare adequately for the session. Moreover, the information available to member countries of the European Union did not show that UNCTAD was facing a crisis situation that would justify a course of action different from that taken at the twentieth session of the Board. The secretariat should provide a complete financial statement of donations and expenditures. It was too early to conclude after just a few months after its inception that the experimental scheme based on extrabudgetary funding had not succeeded in providing a solution for the predictable financing of experts from developing countries attending UNCTAD expert meetings. He urged the secretariat to be more active in following up with bilateral and multilateral donors on the various possibilities for

raising adequate contributions, emphasizing the priority that developing countries attached to those issues, above other potential uses of funds. Informal meetings would be required; costly Board meetings did not seem conducive to reaching a consensus on the matter.

9. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that, nine months after the launching of the scheme, the reserve fund was being depleted at a worrying rate, and the future of expert meetings would be compromised if a solution to the problem of financing was not found. Use of the regular budget should be envisaged, and the appropriate recommendations should be addressed to the relevant bodies. The participation of developing country experts at UNCTAD expert meetings contributed to efforts to identify solutions to development problems, and the development partners, especially developed countries, were therefore invited to help solve the funding crisis.

10. The representative of **Cuba** said that the discussion on the question of financing of experts was not new, and it should be possible to reach a decision on the matter without delay. The Group of 77 had shown great flexibility at the Board's twentieth special session by accepting the experimental scheme. Now, however, a crisis had arisen, because 70 per cent of the funding required for 2004 was not available. It could not be claimed, therefore, that it was too soon to take a decision.

11. The representative of **South Africa** said that he was satisfied with the secretariat's evaluation and felt that it should not be questioned.

Action by the Board on 23 September 2003

12. The Board decided to suspend its session and requested the President to hold informal consultations with interested delegations.

B. Proceedings of the second part of the session (30 September 2004)

13. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, said that the issue of financing of experts was a very important one, since expert meetings had helped to enrich UNCTAD's intergovernmental work and had contributed towards consensus building. The participation of experts from the different regions of the world had had a significant positive effect on the quality of expert meeting discussions and had helped attract increased participation of representatives from developing countries' government, business and academic sectors, all of whom came to Geneva at their own expense. Moreover, experts from the developing world were already at a disadvantage in having to travel long distances to Geneva, unlike their European colleagues.

14. It was unfortunate to be in a situation now where there were not enough financial resources available for the full number of experts even for the current year, and the outlook for the next cycle of expert meetings in 2005 looked even bleaker. If member States were not able to agree on an arrangement to finance the participation of experts, the future value of UNCTAD's intergovernmental work would be adversely affected.

15. The Group of 77 and China had submitted a draft decision for the consideration of member States. The guidelines approved by the Board at the mid-term review in May 2002 called on member States to find a long-term solution for the predictable financing of the participation of experts in

UNCTAD expert meetings. The uncertainty over the issue during the past few years was certainly proof that extrabudgetary resources could not provide reliable long-term funding. It was important to stop looking at temporary stop-gap measures and come up with concrete proposals to ensure that expert meetings remained relevant to member countries.

16. The use of the regular budget not only represented a reliable and long-term solution for the participation of experts, but because it did not rely on voluntary contributions, it would result in a more balanced and equitable allocation of resources that would better reflect the partnership of the whole community of nations in this important activity.

17. The representative of **Cuba** said that a solution to the problem of financing of experts must be found as a matter of urgency, otherwise developing countries would not be able to attend expert meetings. On the basis of information to be provided by the secretariat, it should be possible to learn from the experience of other organizations.

18. The representative of **Colombia** said that the secretariat should address the issue as to whether funds originally intended for other purposes could be used to finance the participation of experts in expert meetings.

19. The representative of **Nigeria** said that it would be important that consultations on the issue of financing of experts result in recommendations for consideration by the Board.

20. The representative of the **secretariat** said that the secretariat would reissue the material it had provided in the past, with a note to respond to new queries.

Action by the Board on 30 September 2004

21. The Board requested its President to use his good offices to hold consultations with regional coordinators and interested delegations with a view to finding a solution by the end of 2004 for predictable financing for the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings and to report to the Board, with a set of recommendations if appropriate, at an executive or special session.

Chapter II

ORGANIZATIONAL MATTERS

Adoption of the agenda

22. The Board adopted the provisional agenda as contained in document TD/B/EX(33)/1. (For the agenda, see annex I below.)

Bureau

23. For the first part of the session, on 23 September 2003, the Bureau of the Board was as elected at the forty-ninth regular session, namely:

President:	Mr. Dimiter Tzantchev	(Bulgaria)
Vice-Presidents:	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Boniface Chidyausiku	(Zimbabwe)
	Mr. Luiz Felipe de Seixas Corrêa	(Brazil)
	Mr. Nathan Irumba	(Uganda)
	Mr. Toshiyuki Iwado	(Japan)
	Mr. Douglas M. Griffiths	(United States of America)
	Mr. François Leger	(France)
	Mr. Samuel T. Ramel	(Philippines
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Eberhard Von Schubert	(Germany)
Rapporteur:	Mr. Mehdi Fakheri	(Islamic Republic of Iran)

24. For the second part of the session, on 30 September 2004, the Bureau of the Board was as elected at the fiftieth regular session, namely:

President:	Mr. Sha Zukang	(China)
Vice-Presidents:	Mr. Michel Adam	(Belgium)
	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Chitsaka Chipaziwa	(Zimbabwe)
	Mr. Djismun Kasri	(Indonesia)
	Ms. Melissa Kehoe	(United States of America)
	Mr. Mohamed Oulde Mohamed Lemine	(Mauritania)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Iván Mora Godoy	(Cuba)
	Mr. Mitsunori Nanba	(Japan)
	Mr. Dimiter Tzantchev	(Bulgaria)
Rapporteur:	Mr. François Leger	(France)

Report of the Board on it thirty-third executive session

25. The Board authorized the Rapporteur to finalize the report on its thirty-third executive session under the authority of the President.

Annex I

AGENDA FOR THE THIRTY-THIRD EXECUTIVE SESSION OF THE BOARD

1. Adoption of the agenda

2. Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings

   At its twentieth special session, in January 2003, the Board decided, in decision 474 (S-XX), that, on an experimental basis, participation of experts in UNCTAD expert meetings would be financed on the basis of extrabudgetary contributions. It further decided that it would discuss the working of the scheme, including if necessary the issue of the replenishment of the reserve fund, in late September 2003 and regularly thereafter on the basis of an evaluation provided by the Secretary-General of UNCTAD, in the light of the criteria established by the Board at its nineteenth special session. The secretariat will prepare an evaluation for consideration by the Board (TD/B/EX(33)/2).

3. Other business

4. Report of the Board on its thirty-third executive session

Annex II

ATTENDANCE*

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Algeria
Angola
Argentina
Bahrain
Bangladesh
Belgium
Benin
Bulgaria
China
Colombia
Cote d'Ivoire
Cuba
Czech Republic
Democratic People's Republic of Korea
Dominican Republic
Ecuador
Ethiopia
Finland
France
Germany
India
Indonesia
Italy
Jordan
Madagascar
Malaysia
Mauritius
Mexico
Morocco
Nigeria
Norway
Oman
Paraguay
Peru
Philippines
Poland
Portugal
Romania
Saudi Arabia
Serbia and Montenegro
South Africa
Spain
Switzerland
Thailand
United Kingdom of Great Britain and Northern Ireland
United States of America
Zambia
Zimbabwe

* For the list of participants, see TD/B/EX(33)/INF.1.

2. The following Country was represented as observers at the session:
Holy See

3. The following intergovernmental organizations were represented at the session:
African, Caribbean and Pacific Group of States
Organization of the African Unity
Organization of the Islamic Conference

4. The following United Nations organization was represented at the session:
Economic Commission for Africa

5. The following Specialized Agencies and Related Organizations were represented at the session:
Food and Agriculture Organization of the United Nations
United Nations Industrial Development Organization